

**GENERAL DYNAMICS**

Armament Systems

July 19, 2001.

Department of the Army  
United States Army Tank-Automotive and Armaments Command - Rock Island  
Crew Served Weapons Contracting Team, Bldg. 110  
Rock Island, Illinois 61299-7630  
Attn: AMSTA-LC-CSC-A, Sue McGregor

Reference: Contract DAAE20-01-C-0090, MK19 GMG

Subject: MK19 Unit Pricing Under Option 1

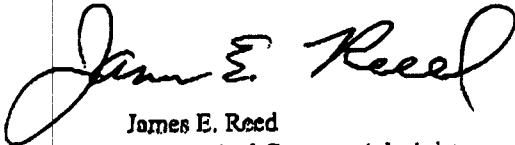
Dear Ms. McGregor,

Please be advised General Dynamics will extend the current basic contract unit price of \$14,980.52 for all MK19's exercised by September 30, 2001 under Option 1 of the referenced contract. These lower priced units shall not be considered as part of the cumulative units for pricing purposes under Option 1.

The unit pricing for MK19's awarded under Option 1 between October 1, 2001 and January 31, 2002 would be considered on a stand-alone basis relative to quantities.

If you have any questions relative to this offer please let me know.

Sincerely,



James E. Reed  
Sr. Principal Contract Administrator

cc: D. Gagnon

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General Dynamics Private Information

*Attachment 017*